



CITY OF SANTA BARBARA

JOINT COUNCIL AND REDEVELOPMENT AGENCY AGENDA REPORT

AGENDA DATE: June 21, 2011

TO: Mayor and Councilmembers
Chair and Boardmembers

FROM: Housing and Redevelopment Division, Community Development
Department

SUBJECT: Redevelopment Agency Operating Budget For Fiscal Year 2012
And Associated Documents

RECOMMENDATIONS:

- A. That Council adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Approving the Budget of the Redevelopment Agency of the City of Santa Barbara for Fiscal Year 2012; and
- B. That the Redevelopment Agency Board authorize the Executive Director and that the Council authorize the City Administrator to enter into a Cooperation Agreement and Promissory Note regarding the Police Department's Restorative Policing Pilot Program in a form acceptable to the Agency Counsel and the City Attorney.

DISCUSSION:

Operating Budget and Capital Program for Fiscal Year 2012: The City Council and the Redevelopment Agency Board held a public hearing on May 2, 2011, to discuss the Community Development Department's budget for Fiscal Year 2012. That public hearing also included a discussion of the Redevelopment Agency's Fiscal Year 2012 budget. The proposed final budget document resulting from the ongoing discussion is presented today for the City Council and Agency Board's consideration and is included in this report as an attachment to the resolution described in Recommendation A – the Revenues and Expenditures Summary. The proposed budget identifies the Redevelopment Agency's expected revenue for Fiscal Year 2012 as well as expected operating expenses and capital expenditures for the Redevelopment General Fund and Housing Program Fund.

State Budget Crisis: Impact on the Redevelopment Agency: The ongoing State budget crisis continues to impact redevelopment agencies throughout the state including the City of Santa Barbara's Redevelopment Agency. On May 10, the Governor released his Fiscal Year 2012 Budget Revision which maintains his original proposal to eliminate

redevelopment agencies and divert \$1.7 billion of tax increment to Medi-Cal and the court system in this budget year and then, in the following budget years, to re-direct the tax increment to the underlying taxing entities. This proposal has been declared illegal by the Legislative Counsel and numerous constitutional and redevelopment legal experts. The proposal represents the same State raids of local government funds that voters have repeatedly voted to end, including most recently passing Proposition 22 in November 2010. Agency staff will keep the Agency Board apprised of the State Budget and its impact on the Redevelopment Agency.

Restorative Policing Pilot Program: The Agency Board recently approved Agency funding for a three-year Restorative Policing Pilot Program (Program) with \$1,000,000 in Redevelopment Agency funds. Currently, there is one officer assigned to the Restorative Policing unit. This officer is responsible for the overall success of all interventions of chronic violators that the Police Department currently contacts. Through a series of contacts established over several years, the Restorative Policing program has seen great success in identifying, encouraging and ultimately transporting individuals from the street to treatment facilities and reuniting them with family.

The current Program has been met with a good deal of success. With only one officer staffing the Program, however, results are limited. The need for an expanded program is evident based on the number of chronic homeless and transient related issues that impact the Police Department and, in particular, the Central City Redevelopment Project Area (CCRP). The Pilot Program activities will be confined to the CCRP. The Pilot Program will add one additional officer to the Restorative Policing Unit. The Pilot Program will be overseen by the Police Department and will also include three outreach workers, and six Community Service Officers.

Outreach Workers: The overall responsibilities of the three hourly outreach workers will include conducting outreach activities, locating and meeting with homeless persons, seeking services, conducting program eligibility and assessment, identifying community resources, providing information and referral services, providing advocacy, call for emergency services, and program recordkeeping. This position requires the ability to work with homeless people, people with mental illness and those suffering from drug and/or alcohol addiction, meet monthly goals, exercise good judgment, and coordinate with a wide range of service organizations. Upon application, the candidates for these positions will need to pass a comprehensive background investigation before being hired.

Community Service Officers: Community Service Officers are responsible for maintaining a visible presence on the State Street, Milpas Street and the beachfront corridors within the CCRP. The Community Service Officers will work with the Tactical Patrol Force/Restorative Policing Unit to identify those individuals who are in most need of assistance and provide referrals to appropriate resources. The Community Service Officers will work closely with the Santa Barbara Police Department, citizens and the business community in solving problems. They will attend community/business meetings as directed and appear in court as required. They will be the initial contact for local business and community members to report ongoing problems of illegal behavior,

illegal lodging or abandoned property. They will work with other City Departments to refer complaints that can be mitigated through other methods.

The implementation of the Pilot Program will help eliminate blight and the conditions that lead to blight by ensuring that adequate and efficient public services are available to individuals who may be on the verge of homelessness and a life on the streets. Left with no where to turn, these individuals may be forced into panhandling or crime which negatively impacts the CCRP. Panhandling is very often associated with blighting activities and can have negative impacts on the economic vitality of the downtown core. Increasing the safety and security of residents, visitors and businesses within the CCRP will generate increased pedestrian, commercial and visitor activity within the CCRP which will lead to increased investment and the elimination of blight and the conditions that lead to blight in the CCRP.

Staff recommends that the City Council adopt a resolution approving the Redevelopment Agency Budget for Fiscal Year 2012 and that the Redevelopment Agency Board and the Council authorize the Executive Director and City Administrator to enter into a Cooperation Agreement and Promissory Note regarding the Police Department's Restorative Policing Pilot Program in a form acceptable to the Agency Counsel and the City Attorney.

ATTACHMENTS: 1. Cooperation Agreement
2. Cooperation Agreement Exhibit A
3. Promissory Note

PREPARED BY: Brian J. Bosse, Housing and Redevelopment Manager

SUBMITTED BY: Paul Casey, Assistant City Administrator

APPROVED BY: City Administrator's Office

City Agreement No. _____
Agency Agreement No. _____

COOPERATION AGREEMENT FOR POLICE DEPARTMENT
RESTORATIVE POLICING PILOT PROGRAM
BETWEEN
THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA
AND
THE CITY OF SANTA BARBARA

This Cooperation Agreement is entered into this 21st day of June 2011, by and between:

THE REDEVELOPMENT AGENCY OF THE
CITY OF SANTA BARBARA, hereinafter
referred to as "Agency";

and,

THE CITY OF SANTA BARBARA, a municipal
corporation, hereinafter referred to as "City".

A. WHEREAS, the Agency is constituted to pursue activities in the Central City Redevelopment Project Area ("Project Area") of the City, comprised of significant portions of the Downtown and the Waterfront of the City, which eliminate blight and enhance the physical and economic health of the Project Area; the Redevelopment Plan was adopted November 14, 1972 by City Ordinance No. 3566. In August 1977, the First Amended Redevelopment Plan for the Santa Barbara Central City Redevelopment Project Area was adopted by City Council Ordinance No. 3923. The Plan was further amended on December 16, 1986, by Ordinance No. 4438 to incorporate provisions required by amendments to the California Community Redevelopment Law. As required by the California Redevelopment Law Reform Act of 1993, the Redevelopment Plan for the CCRP was further amended by City Ordinance No. 4894 on December 6, 1994, to specify the latest dates for incurring and repaying indebtedness or receipt of tax increment. On November 12, 1998, City Ordinance No. 5085 was adopted to extend the Redevelopment Agency's authority to exercise eminent domain to August 30, 2007. The next amendment to the Plan was by Ordinance No. 5089 adopted January 12, 1999, wherein the term of the CCRP was extended to August 30, 2012 (for a total of 35 years from the adoption of the First Adopted Plan in August of 1977). Pursuant to Health and Safety Code section 33333.6(e)(2)(C), City Ordinance No. 5314 was adopted on April 27, 2004, to extend the effectiveness of the Plan for an additional one year period, from August 30, 2012 (thirty-five years), to August 30, 2013 (thirty-six years), City Ordinance No. 5363 was adopted June 14, 2005, and extended the effectiveness of the Plan for an additional one year period, from August 30, 2013 (thirty-six years), to August 30, 2014 (thirty-seven years) and City Ordinance No. 5388 was adopted June 6, 2006 and extended the effectiveness of the Plan for an additional one year period from August 30, 2014 (thirty-seven years), to August 30, 2015 (thirty-eight years) ("Redevelopment Plan");

B. WHEREAS, the intent of the Redevelopment Plan is, in part, to perform specific actions necessary to promote the redevelopment, economic revitalization and safety of the Project Area; and to increase, improve and preserve the community's supply of low and moderate income housing, some of which may be located or implemented outside the Project Area; and to take all other necessary actions to implement the Redevelopment Plan for the Project Area and to expend tax increment to accomplish the goals and objectives of the respective redevelopment projects;

C. WHEREAS, the Agency has adopted its Five-Year Implementation Plan for the Project Area, as amended from time to time, with established goals to support affordable housing, economic development, community revitalization, commercial revitalization, and institutional revitalization. To implement the programs and activities associated with each goal, the Agency has made redevelopment fund commitments and budget allocations based on estimated available tax increment revenue and debt financing structures;

D. WHEREAS, pursuant to Section 33220 of the California Community redevelopment Law (Health and Safety Code Section 33000 et seq.) (the "CRL"), certain public bodies, including the City may aid and cooperate in the planning, undertaking, construction, or operation of redevelopment projects. The Program associated with the Agreement is the Police Department Restorative Policing Pilot Program ("the Program"). The programs and activities associated with the Program include but are not limited to identifying, encouraging and ultimately transporting individuals from the street to treatment facilities and reuniting them with family and maintaining a level of safety required to sustain the economic health, safety and vibrancy of the CCRP. To carry out the Program in accordance with the objectives and purposes of the Redevelopment Plan for the Project Area and the Implementation Plan, the Agency desires assistance and cooperation in the implementation and completion of the Program. Pursuant to the Multi-Year Agreement between the Agency and the City entered into on December 16, 2003 (City Agreement No. 21,242 and Agency Agreement No. 422), the City agrees to aid the Agency and cooperate with the Agency to expeditiously implement the Program in accordance with the Redevelopment Plan for the Project Area and the Implementation Plan and undertake and complete all actions necessary or appropriate to ensure that the objectives of the Redevelopment Plan for the Project Area and the Implementation Plan are fulfilled within the time effectiveness of the Project Area;

E. WHEREAS, in considering the Agency's desire to ensure timely implementation and completion of the Pilot Program, the Agency wishes to enter into this Agreement with the City for the pledge of net tax increment to finance the Program. The purpose of this Agreement is to facilitate the implementation of the Program and to provide funding necessary to effectuate the completion of the Program with net tax increment for the term of the Program;

F. WHEREAS, net tax increment is defined as any tax increment, net of existing debt service payments, and existing contractual obligations received by the Agency or any lawful successor of the Agency and/or to any of the powers and rights of the Agency pursuant to any applicable constitutional provision, statute or other provision of

law now existing or adopted in the future as necessary to fund the Program. The pledge of net tax increment in the amount needed to fund the Program will constitute an obligation to make payments authorized and incurred pursuant to the CRL ;

G. WHEREAS, on June 21, 2011, the Council of the City of Santa Barbara adopted a Resolution approving the budget of the Redevelopment Agency of the City of Santa Barbara for Fiscal Year 2012, initiating the Program and appropriating \$1,000,000 to the Program to undertake and complete the Program over the next three fiscal years;

H. WHEREAS, approving and entering into this Agreement implements the approved Multi-Year Agreement and endorses the pledge and use of tax increment funds from the Project Area for completion of the Police Department Restorative Policing Program; and

I. WHEREAS, the obligations of the Agency under this Agreement shall constitute an indebtedness of the Agency for the purpose of carrying out the Redevelopment Plan for the Project Area.

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

I. INTRODUCTORY PROVISIONS

The recitals above are an integral part of this Agreement and set forth the intentions of the parties and the premises on which the parties have decided to enter into this Agreement.

II. AGENCY'S OBLIGATIONS

1. Program Payment. The Agency agrees to pay to the City an amount equal to the cost to the City to carry out the Program including without limitation all costs incurred by the City for the administration, management and implementation of the Program. The Agency's obligations under this Agreement, including without limitation the Agency's obligation to make the payments to the City required by this Agreement, shall constitute an indebtedness of the Agency for the purpose of carrying out the redevelopment of the Project Area. The obligations of the Agency set forth in the Agreement are contractual obligations that, if breached, will subject the Agency to damages and other liabilities or remedies.

2. The obligations of Agency under this Agreement shall be payable out of net tax increment, as defined in the above recitals and/or as defined or provided for in any applicable constitutional provision, statute or other provision of law now existing or adopted in the future allocated to the Agency and/or any lawful successor entity of the Agency and/or any entity established by law to carry out any of the Redevelopment Plan for the Project Area and/or expend tax increment to pay indebtedness of the Agency to be repaid with tax increment, pursuant to Section 33670 of the CRL or any applicable constitutional provision, statute or other provision of law now existing or adopted in the future, in the amount necessary to fund the Program currently estimated to be \$1,000,000 in accordance with the schedule set forth in Exhibit "A" and incorporated herein by this reference.

3. The indebtedness of Agency under this Agreement shall be subordinate to the rights of the holder or holders of any existing bonds, notes or other instruments of indebtedness (all referred to herein as "indebtedness") of the Agency incurred or issued to finance the Project Area, including without limitation any pledge of tax increment revenues from the Project Area to pay any portion of the principal (and otherwise comply with the obligations and covenants) of any bond or bonds issued or sold by Agency with respect to the Project Area.

4. All payments due to be made by the Agency to the City under this Agreement shall be made by the Agency in accordance with the performance schedule set forth in Exhibit "A" and as otherwise necessary to reimburse the City for the cost to the City of performing its obligations hereunder. City shall provide Agency with a quarterly report accompanied by evidence reasonably satisfactory to the Agency's Executive Director that the City has progressed in the administration, management and implementation of the Program for which payment is made by the Agency commensurate with such payments and has incurred costs or obligations to make payments equal to or greater than such amount.

III. CITY'S OBLIGATIONS

1. The City shall accept any funds paid by the Agency pursuant to this Agreement and shall devote those funds to completion of the Program.

2. It is the responsibility of City to pay all costs in connection with the Program from funds paid to the City by the Agency under this Agreement.

3. The City shall perform its obligations hereunder in accordance with the applicable provisions of federal, state and local laws, including the obligation to comply with environmental laws such as CEQA, and shall timely complete the work required for the Program in accordance with the performance schedule set forth in Exhibit "A".

IV. DEFAULT

If either party fails to perform or adequately perform an obligation required by this Agreement within thirty (30) calendar days of receiving written notice from the non-defaulting party, the party failing to perform shall be in default hereunder. In the event of default, the non-defaulting party will have all the rights and remedies available to it at law or in equity to enforce the provision of this contract, including without limitation the right to sue for damages for breach of contract. The rights and remedies of the non-defaulting party enumerated in this paragraph are cumulative and shall not limit the non-defaulting party's rights under any other provision of this Agreement, or otherwise waive or deny any right or remedy, at law or in equity, existing as of the date of the Agreement or hereinafter enacted or established, that may be available to the non-defaulting party against the defaulting party. All notices of defaults shall clearly indicate a notice of default under this Agreement.

V. GENERAL PROVISIONS

1. Paragraph Headings. The paragraph headings contained herein are for convenience and reference only and are not intended to define or limit the scope of this Agreement.

2. Interpretation. This Agreement shall be interpreted in accordance with and governed by the laws of the State of California. The language in all parts of this Agreement shall be, in all cases, construed according to its fair meaning and not strictly for or against City or Agency.

3. Singular and Plural. As used herein, the singular of any word includes the plural.

4. Waiver of Performance. Failure of a party to insist upon the strict performance of any of the provisions of this Agreement by the other party, or the failure of a party to exercise any right upon the default of the other party, shall not constitute a waiver of such parties rights to insist and demand strict compliance by the other party with the terms of this Agreement thereafter.

5. No third party beneficiaries. This Agreement is made and entered into for the sole protection and benefit of the parties and their successors and assigns. No other person shall have any right of action based upon any provision of this Agreement.

6. Counterparts. This Agreement may be executed by the parties in counterparts, which counterparts shall be constructed together and have the same affect as if all the parties had entered the same instrument.

7. Corporate Authority. The person(s) executing this Agreement on behalf of each of the parties hereto represent and warrant that (i) such party, if not an individual, is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party (iii) by so executing this Agreement such party is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provisions of any other agreement to which such party is bound.

8. Entire Agreement. This Agreement constitutes the entire agreement between the Agency and the City with respect to the subject matter hereof and supersedes all prior agreements and negotiations, oral and written. This Agreement may not be amended or modified in any respect whatsoever except by an instrument in writing, approved by Agency Board and signed by the Agency and the City.

9. Severability. If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect unless the rights and obligations of the parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

10. Assignment. The City shall not assign this Agreement or any part thereof or any monies payable hereunder without the prior written consent of the Agency.

11. Nondiscrimination. The City agrees to comply in all respects with:

a) The Nondiscrimination certificate entitled "Employment Certificate" attached as Exhibit "B" and incorporated herein by reference; and

b) The "Handicapped Nondiscrimination Statement," attached as Exhibit "C" and incorporated herein by reference.

VI. BINDING ON SUCCESSORS

This Agreement shall be binding on and shall inure to the benefit of all successors and assigns of the parties, whether by agreement or operation of law.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

ATTEST:
ASST. AGENCY SECRETARY

REDEVELOPMENT AGENCY OF THE
CITY OF SANTA BARBARA
EXECUTIVE DIRECTOR

Paul A. Casey

James L. Armstrong

APPROVED AS TO FORM:
AGENCY COUNSEL

APPROVED AS TO CONTENT:
FISCAL OFFICER

Sarah J. Knecht
Asst. Agency Counsel

Robert Samario

ATTEST:
CITY CLERK

CITY OF SANTA BARBARA,
A MUNICIPAL CORPORATION
CITY ADMINISTRATOR

Cynthia M. Rodriguez, CMC
City Clerk Services Manager

James L. Armstrong

APPROVED AS TO CONTENT:
FINANCE DIRECTOR

APPROVED AS TO FORM:
CITY ATTORNEY

Robert Samario

Stephen P. Wiley

EXHIBIT A

Police Department Restorative Policing Pilot Program Program Budget

Project Description:	<p>The Pilot Program activities will be confined to the CCRP. The Pilot Program will add one additional officer to the Restorative Policing Unit. In addition, the Pilot program will be overseen by the Police Department and will also include three outreach workers, and six Community Service Officers.</p> <p><u>Outreach Workers:</u> The overall responsibilities of the three hourly outreach workers will include conducting outreach activities, locating and meeting with homeless subjects, seeking services, conducting program eligibility and assessment, identifying community resources, providing information and referral services, providing advocacy, call for emergency services, and program recordkeeping.</p> <p><u>Community Service Officers:</u> Community Service Officers are responsible for maintaining a visible presence in the State Street, Milpas Street and the beachfront corridors of the CCRP. The Community Service Officers will work with the Tactical Patrol Force/Restorative Policing Unit to identify those individuals who are in most need of assistance and provide referrals to appropriate resources. The Community Service Officers will work closely with the Santa Barbara Police Department, citizens and the business community in solving problems. They will attend community/business meetings as directed and appear in court as required. They will be the initial contact for local business and community members to report ongoing problems of illegal behavior, illegal lodging or abandoned property. They will work with other City Departments to refer complaints that can be mitigated through other methods.</p>
Current Appropriation:	\$ 1,000,000
Estimated Cost to Complete:	<u>\$1,000,000</u> – administration, management and program implementation
Additional RDA Commitment:	\$0
Performance Schedule:	City shall undertake and complete the project by June 30, 2014

**PROMISSORY NOTE
(UNSECURED)**

\$1,000,000

Santa Barbara, California
June 21, 2011
Issue Date

FOR VALUE RECEIVED, the undersigned, Redevelopment Agency of the City of Santa Barbara (Police Department Restorative Policing Pilot Program Project Fund) [hereinafter the “Maker”] promises to pay to the City of Santa Barbara, [“City”] as holder, [or its order] at City Hall, [Plaza de La Guerra] 735 Anacapa Street, Santa Barbara, California 93101 [or at such other place as the holder may from time to time designate by written notice to Maker], on the Maturity Date (defined below) the principal sum of \$1,000,000 and to pay interest thereon at the rate per annum of the Local Agency Investment Fund (“LAIF”) investment rate earned by the City’s LAIF investment portfolio for the quarter ending March 31 of each year until the principal hereof is paid or duly made available for payment. Interest payable on this Note on the Maturity Date shall include interest accrued from the Issue Date to, but excluding the Maturity Date.

Unless payable sooner, the Note will be due and payable in full in lawful money of the United States of America without set-off, deduction, or counterclaim, on August 20, 2025 (“Maturity Date”).

The Maker acknowledges that its failure to pay City, in full, the amount due under this Note on or before the Maturity Date will cause the City to incur additional costs. Such costs include, without limitation, processing and accounting charges. Therefore, if City does not receive payment of the loan in full plus all accrued interest thereon, within 15 days of such Maturity Date, Maker will

pay to City an additional sum of the City's LAIF investment portfolio rate of the overdue amount as an appropriate late charge for each month that the loan remains unpaid. The Maker and the City agree that this late charge represents a reasonable sum considering all the circumstances existing on date of this Note and it represents a fair and reasonable estimate of the costs that City will incur by reason of late payment. The City and Maker further agree that proof of actual damages incurred by the City would be costly or inconvenient. Acceptance of any late charge will not constitute a waiver of the default with respect to the overdue amount and will not prevent the City from exercising any of the other rights and remedies available to City.

In the event that the Note plus accrued interest thereon is not paid in full by the Maturity Date, Maker agrees to pay, in addition to the aforesaid City LAIF investment portfolio rate late charge, interest from the Maturity Date on the unpaid principal at the City LAIF investment portfolio rate.

The acceptance of any late charges or interest shall not constitute a waiver of any rights the City has to enforce the provisions of this Note including the right to sue for all moneys due.

Maker agrees to pay the following costs, expenses, and attorneys' fees paid or incurred by City or a subsequent holder of this Note, or as may be adjudged by a Court: 1. reasonable costs of loan collection, costs, expenses, and attorneys' fees paid or incurred in connection with the collection or enforcement of this Note, whether or not suit is filed; and 2. costs of suit and such sum as the

Court may adjudge as attorneys' fees in an action to enforce payment of this Note or any part of it.

This Promissory Note is unsecured and Maker is liable for any deficiency on this Note. City may pursue any remedies legally available to it to enforce the provisions of this Note.

The Note is payable by Maker from currently available and future tax increment proceeds to be paid to Maker in accordance with California Health & Safety Code section 33670 for purposes of funding the Police Department Restorative Policing Pilot Program.

Privilege is reserved by the Maker to make additional payments on the principal of this indebtedness at any time without penalty.

IN WITNESS WHEREOF, the Redevelopment Agency of the City of Santa Barbara (Police Department Restorative Policing Pilot Program) has caused this Note to be executed by signature of the Executive Director of the Redevelopment Agency of the City of Santa Barbara as of the Issue Date specified above.

DATED: _____

Maker
Executive Director
Redevelopment Agency of the City of Santa Barbara